

# Legislative Audit Division

State of Montana



Report to the Legislature

December 2001

## Performance Audit

### Area Agencies on Aging Program

Department of Public Health and Human Services

This report contains information on the controls related to the Aging Services Bureau and Food Distribution/Commodity Warehouse Section's administration over Area Agencies on Aging Program. Recommendations in this report include:

- ▶ Ensuring critical program requirements are included in monitoring activities of Area Agencies on Aging.
- ▶ Ensuring all Montana communities have access to ombudsman services.
- ▶ Requiring area agencies follow state plan requirements for funding allocations.

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Members of the performance audit staff hold degrees in disciplines appropriate to the audit process. Areas of expertise include business and public administration, statistics, economics, accounting, logistics, computer science, and engineering.

Performance audits are performed at the request of the Legislative Audit Committee which is a bicameral and bipartisan standing committee of the Montana Legislature. The committee consists of six members of the Senate and six members of the House of Representatives.

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December 2001

The Legislative Audit Committee  
of the Montana State Legislature:

This is our performance audit report of the Area Agencies on Aging Program (AAA) within the Aging Services Bureau of the Department of Public Health and Human Services.

This report provides information to the legislature regarding the operation of the Aging Services Bureau programs including the AAA program. Overall we found the bureau has controls over the program in place. However, we believe program administration could be strengthened. Additionally, we disclose a federal issue with the distribution of funding to the tribal area agency. Responses from the department are contained at the end of the report.

We wish to express our appreciation to department personnel for their cooperation and assistance during the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Scott A. Seacat", with a long, sweeping horizontal line extending to the right.

Scott A. Seacat  
Legislative Auditor



# **Legislative Audit Division**

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## **Performance Audit**

### **Area Agencies on Aging Program**

**Department of Public Health and Human Services**

Members of the audit staff involved in this audit were Jim Nelson, Kent Wilcox, and Kris Wilkinson.

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## Appointed and Administrative Officials

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Joe Gilboy, Director, Area V, Anaconda

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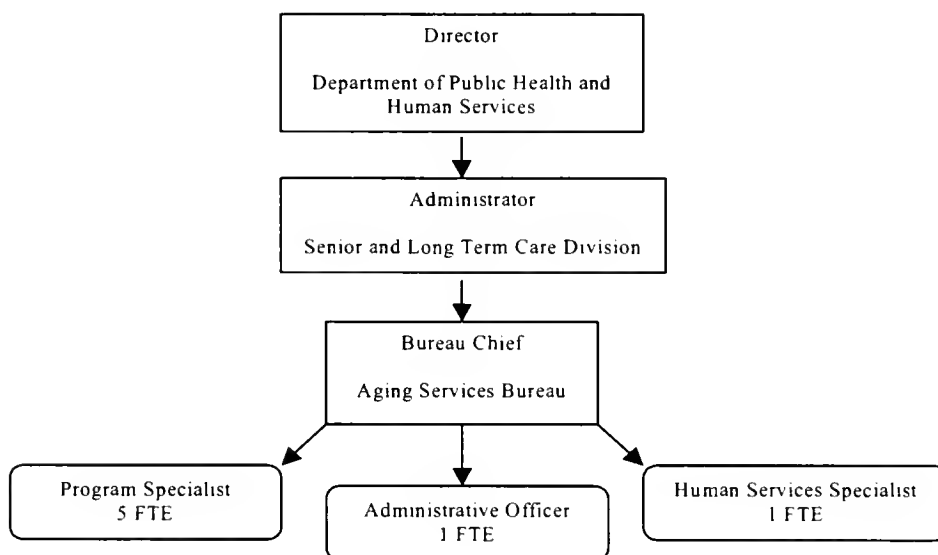
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Evelyn Havskjold, Director, Area X, Havre

Susan Kohler, Director, Area XI, Missoula

Aging Services Bureau Organization Chart



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### Introduction

We conducted a performance audit of the Area Agencies on Aging Program within the Aging Services Bureau (ASB), Senior and Long Term Care Division, Department of Public Health and Human Services (department). In addition, we included the Nutrition Program for the Elderly and the Commodity Supplemental Food Program within the Food Distribution/Commodity Warehouse Section, Intergovernmental Human Services Bureau, Human and Community Services Division at the department as part of our audit. These programs were included because they provide federal funding for nutritional services offered by the area agencies.

ASB contracts with eleven Area Agencies on Aging to provide services to senior citizens. Four of the area agencies serve a single county, six serve multi-county areas, and one area serves the seven Native American reservations within other area agency boundaries.

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### Audit Objectives

Audit work focused on determining area agency consistency with established procedures and effectiveness of controls across the state. We developed the following objectives for our performance audit:

1. Evaluate the ASB's monitoring activities to determine whether activities provide reasonable assurances program services are being provided to senior citizens.
2. Evaluate if monitoring tools ensure area agencies provided program services in accordance with contract and statutory requirements.
3. Examine area agencies commodity program activities to determine whether the department and area agencies established reasonable controls to ensure commodities (food) are provided to eligible persons.
4. Determine if the ASB's funding formula for allocation of federal funding to Area Agencies on Aging is in compliance with the approved State Plan on Aging. We also examined how area agencies allocate funding to individual counties and direct service providers.
5. Evaluate the ASB management information system, to determine whether management information is entered in a timely manner and whether data is accurate.

## Report Summary

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6. Examine waivers allowing some area agencies to provide services directly to program recipients.

---

### Controls Established Over Commodity Program

The Food Distribution/Commodity Warehouse Section (section) and the area agencies have established reasonable controls to ensure commodities are provided to eligible persons. The section staff established inventory and receipting procedures over commodities delivered to area agencies for both the Nutrition Program for the Elderly and the Commodity Supplemental Food Program. In addition, on-site reviews and inventory counts are conducted at each area agency.

Area agency staff are knowledgeable of program requirements. Standardized eligibility forms for recipients and signed commodity receipt forms are used in areas we reviewed. Staff maintain inventories of commodities received and used. In multi-county areas, agency staff conduct inventories of direct service providers using program commodities. Area agencies track commodities through their budgetary and expenditure reporting process.

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### ASB Waivers Allow Single-County Area Agencies to Provide Services Directly

Area agencies are allowed to provide services directly to program recipients under ASB waivers. According to federal program requirements, supportive, nutrition, or in-home services may not be provided directly by area agencies unless in the judgement of the ASB direct provision of services is necessary to ensure an adequate supply of services, or where services of comparable quality can be provided more economically by the agency.

When the four single-county area agencies were established they attempted to find direct service providers in their areas. The areas had previously been County Councils on Aging, as such they provided direct services to program recipients. They were unsuccessful in finding direct service providers and requested waivers from ASB based on the need to maintain a supply of services. The waivers have been granted to single-county area agencies since that time.

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### **Program Monitoring Activities Ensure Services Provided to Senior Citizens**

The monitoring activities of the Area Agencies on Aging and the Aging Services Bureau provide reasonable assurance program services are provided to senior citizens in Montana. Both area agency directors and ASB staff conduct monitoring activities to ensure services under the program are provided to Montana's senior citizens. Area agency staff conduct annual evaluations of their direct service providers. Additional reviews included quarterly analysis of program reports, performance measures, and graphic comparisons of services provided. Area directors attended advisory councils meetings and routinely visited direct service providers in their areas. Direct service providers maintain sign-in logs for nutritional services, delivery receipts for home delivered meals, and timesheets signed by program recipients for homemaker services.

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### **Monitoring Activities Could Be Improved**

While we concluded monitoring activities provide reasonable assurance program services are provided, we did identify improvements which could be made. Area Agencies on Aging do not use monitoring tools that include all critical strategic program areas when evaluating direct service providers compliance with program requirements. Concerns included service providers controls over donations and review of file documentation. By increasing the frequency and depth of the review of area agency monitoring tools, ASB staff can better assure program requirements are regularly assessed by area agencies.

The monitoring process could be improved if ASB staff :

1. Include a review of area agency monitoring tools to ensure monitoring of consistent areas among area agencies.
2. Ensure area agency monitoring tools include maintenance of review documentation and controls over donations.

---

### **Some Communities Do Not Have Access to Certified Local Ombudsmen**

ASB has not ensured the residents of long-term care facilities in some Montana communities have access to regular visits from Certified Local Ombudsmen as required under federal guidelines. These communities include Butte-Silver Bow, Ennis, Dillon, and Deer Lodge. We also noted the Blackfeet and Crow tribes do not have local ombudsmen serving in their communities.

## Report Summary

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### **Ombudsman Reports Do Not Track Long-Term Care Facility Visits**

ASB should develop a plan to ensure Certified Local Ombudsmen services are available monthly to long-term care facility residents in all Montana communities.

For those area agencies with ombudsmen, the ASB does not have a reporting mechanism ensuring Certified Local Ombudsman visit long-term care facilities regularly.

ASB staff should address this concern by:

1. Incorporating a list of facilities visited in the monthly reports completed by the Certified Local Ombudsman.
2. Comparing the monthly reports with an inventory of current long-term care facilities to ensure local ombudsman visit each facility monthly.

---

### **Incorrect Funding Allocations Identified by the Federal Administration on Aging**

Federal Administration of Aging officials have notified the ASB they are not in compliance with federal requirements in relation to their funding distributions. In addition, they have notified ASB the area agency serving the seven Native American reservations should provide services to all elderly populations living on the Native American reservations. ASB has until July 15, 2002 to come into compliance with federal requirements for the program. At this time it is unclear how ASB staff will address the situation.

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### **Area Agencies Do Not Follow State Funding Allocations**

Federal laws and regulations require special emphases be given to low-income and minority populations when serving senior populations. Area agencies with multiple counties distribute ASB's funding to direct service providers within their counties. However, since some area agencies funding methodologies only consider senior populations, they do not necessarily address increased funding for counties with higher percentages of low-income and minority populations.

Aging Services Bureau staff should review how Area Agencies on Aging allocate funding to assure area agency methodologies appropriately address the state plan requirements relating to low-income and minority populations.

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### **ASB Could Improve Its Montana Aging Services Tracking System (MASTS)**

MASTS was developed with the intent of tracking and monitoring use of program services. We found one reservation was not having recipients complete MASTS data forms, and was not submitting MASTS program information for data entry. We found staff in another area agency did not require recipients to complete a MASTS data collection form when a service was first provided. However, because staff believed it important to get all new program recipients registered on MASTS they entered incorrect or fictitious information on new seniors onto MASTS.

Aging Services Bureau staff should increase emphasis on the need for accurate MASTS information as part of training activities and annual assessments of individual Area Agencies on Aging.





# Chapter I - Introduction

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## Introduction

The Legislative Audit Committee requested a performance audit of the Area Agencies on Aging Program within the Aging Services Bureau (ASB), Senior and Long Term Care Division, Department of Public Health and Human Services (department). Through the Area Agencies on Aging program a network of senior centers, County Councils on Aging, and Area Agencies on Aging provide community-based services for older Montanans. Services include meals, transportation, home making, ombudsman, and information and referral. The Aging Services Bureau is designated as the Montana Office of Aging. ASB allocates federal and state funding to area agencies and provides program administration.

In addition, we included the Nutrition Program for the Elderly (NPE) and the Commodity Supplement Food Program (CSFP) within the Food Distribution/ Commodity Warehouse Section, Intergovernmental Human Services Bureau, Human and Community Services Division, Department of Public Health and Human Services as part of our audit. These programs were included because they provide federal funding for nutritional services offered by the area agencies.

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## Audit Objectives

Preliminary audit work on the administration process used by the Aging Services Bureau identified controls were in place. We found the process has a defined system of controls to verify area agency compliance with contracts and to fulfill bureau statutory requirements. We also found comprehensive written policies and procedures. The process has a monitoring component used to assess Area Agencies on Aging compliance with program requirements. Preliminary audit work also indicated some of the controls over the programs could be strengthened. Based on this information, audit work focused on determining area agency consistency with established procedures and effectiveness of controls across the state. We developed the following objectives for our performance audit:

## **Chapter I - Introduction**

---

1. Evaluate the Aging Services Bureau's monitoring activities to determine whether activities provide reasonable assurances program services are being provided to senior citizens.
2. Evaluate if monitoring tools ensure area agencies provided program services in accordance with contract and statutory requirements.
3. Examine area agencies commodity program activities to determine whether the department and area agencies established reasonable controls to ensure commodities (food) are provided to eligible persons.
4. Determine if the ASB's funding formula for allocation of federal funding to Area Agencies on Aging is in compliance with the approved State Plan on Aging. We also examined how area agencies allocate funding to individual counties and direct service providers.
5. Evaluate the ASB management information system, to determine whether management information is entered in a timely manner and whether data is accurate.
6. Examine waivers allowing some area agencies to provide services directly to program recipients.

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### **Scope and Methodology**

The federal Administration on Aging (AOA) and the Montana Office on Aging document their agreement on program administration through the State Plan on Aging. We examined the ASB's funding allocation methodology to verify compliance with the state plan. We also reviewed area agencies methodologies for distributing funds to counties and direct service providers.

We reviewed contracts between the ASB and the area agencies and verified monitoring activities ensured compliance with contract requirements. We compared ASB monitoring tools with area agency monitoring tools to determine if the activities provide reasonable assurance services are provided. We interviewed the State Ombudsman to determine the reporting process followed by local ombudsmen when they have identified concerns.

We reviewed the area agencies monitoring activities of local service providers. We conducted interviews and reviewed monitoring documentation at 5 of the 11 Area Agencies on Aging. We determined how the area agencies assessed service needs in their areas and established priorities for providing needed services. We interviewed local ombudsmen to determine the procedures they followed when conducting reviews of long-term care facilities.

We completed site reviews of local service providers within the area agencies. We interviewed service providers and observed procedures for collecting and depositing donations. We reviewed documentation verifying services were provided. We attended congregate (group) meals and observed delivery of home delivered meals.

We interviewed program managers for the Nutrition Program for the Elderly and the Commodity Supplemental Food Program regarding program requirements and controls. We reviewed documentation and interviewed staff at the area agencies about their controls over commodity distributions and identification of eligible program participants. We accompanied area agency staff on individual commodity deliveries.

We reviewed the ASB computerized management information system user manual and a limited sample of information to determine the potential for duplication of program recipient information within the database. We identified system controls for protecting confidential information. We interviewed area agency system users and observed data entry and related activities. We determined if local area agencies had users manuals available and identified if staff data entry of program recipient service information was current.

We interviewed ASB staff regarding waivers allowing area agencies to provide services directly. We reviewed federal requirements and area agency contracts regarding waivers for providing services directly.

## **Chapter I - Introduction**

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We also interviewed both ASB staff and area agency staff concerning the other types of programs and services offered by the local area agencies.

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### **Compliance**

We examined compliance with statutes for Aging Services Bureau programs. We found the ASB generally complied with the statutes examined except for section 52-3-111, MCA, relating to matching state funds for the Legacy Legislature, as discussed in the Management Memorandum section below. We also examined ASB compliance with the 2003 General Appropriations Act (House Bill 2) language specific to its programs. We issued a Management Memorandum discussed on page 5 of the report. Finally, we found the ASB did not comply with federal requirements over funding allocations to the Area Agencies. This issue is discussed in the Federal Disclosure Issue on page 30.

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### **Management Memorandums**

During the course of the audit we discussed additional issues with the department. These items are not included as recommendations in this report but were provided to the department as management memorandums. These issues included:

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### **Matching Funds for Legacy Legislature**

ASB should ensure it complies with statutory requirements relating to matching the state funding provided to the Legacy Legislature in the ratio of fifty cents raised privately for every one dollar contributed by the ASB. We found the ASB staff were unaware of the statute that requires a match of 50 cents for every state dollar and, instead, contracted with the Legacy Legislature to provide matching funds at 17.5 cents for every dollar of the state funding. Instead of requiring the Legacy Legislature to match \$5,000 of state funds with \$882 privately raised dollars they should have required a match of \$2,500.

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### **Program Reporting Efficiencies**

Encouraging area agencies' staff to report meal costs more efficiently by allowing nutritional services costs to be allocated at the regional level rather than at the direct service provider level provides program reporting efficiencies. This can be done by requiring direct service providers to report nutritional services using only number of

meals on their monthly report. The regional staff can then allocate the costs to the nutritional services based on the number of meals served.

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### **General Appropriations Act Compliance**

ASB should ensure compliance with language in the General Appropriations Act of the 2001 Legislature by requiring area agencies to document the necessity of additional federal funds for nutrition services not included in initial documentation submitted by area agencies. ASB staff again requested and received additional documentation from area agencies to ensure compliance with the requirements following discussion of our concerns.

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### **Resolving Management Information Issues**

ASB should continue to seek resolution to management information problems. ASB uses the Montana Aging Services Tracking System (MASTS) to track and monitor use of program services. ASB and area agencies have identified problems relating to MASTS data entry issues which have not yet been corrected by department programmers.

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### **Report Organization**

This report is organized into three chapters. Chapter Two outlines basic background material for Area Agencies on Aging Program. Chapter Three discusses related findings, conclusions, and recommendations.



# Chapter II - Background

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## Introduction

Congress passed the Older Americans Act of 1965 to provide assistance in the development of new or improved programs to help senior citizens. Through the Administration on Aging, grants are provided to the states for community planning and services to older persons. Grants may also be provided for research, development, and training projects. Additionally, grants and assistance are intended to provide services identified at the local level.

The Montana Legislature created the Montana Older Americans Act in 1987 to assist Montanans 60 years of age or older. The purpose of the act includes development of appropriate programs for older Montanans and coordination and integration of services for them. According to statute, programs and services are to be coordinated among state, local, and private agencies and organizations. Programs and services that are or may be provided include:

- ▶ Nutrition services including both Meals on Wheels and congregate meals.
- ▶ Transportation providing access to services.
- ▶ Protective advocacy and legal programs including the Ombudsman Program.
- ▶ Physical and mental health care including inpatient and outpatient services, screenings, and home health care.
- ▶ Respite services.
- ▶ In-home services and care, such as homemaker and personal care services.
- ▶ A directory of available services.
- ▶ Education.

These services are provided by the Area Agencies on Aging Program. The main focus of Montana's Area Agencies on Aging Program is nutritional services. A network of senior citizen centers provide daily meals to many Montana seniors.

## Chapter II - Background

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### **Aging Services Bureau**

The State Plan on Aging outlines the agreement between the Administration on Aging and the state of Montana for administration of services to senior citizens in Montana. The Aging Services Bureau (ASB) has functional responsibilities identified in the Older Americans Act. These include:

- ▶ Develop and implement a State Plan on Aging.
- ▶ Review and approval of Area Agency on Aging plans.
- ▶ Budget preparation, analysis, and monitoring.
- ▶ Negotiation of contracts and grants.
- ▶ Develop and maintain an effective payment system.
- ▶ Audit and assessment of Aging Programs.
- ▶ Aging Services Network training responsibilities.
- ▶ Reporting responsibilities to the Administration on Aging, the Montana Legislature, and to the public on the issues affecting elderly in Montana.
- ▶ Area Agency on Aging and Governor's Advisory Council liaison.

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### **ASB Funding Information**

The Aging Services Bureau receives federal funding through the Older Americans Act. Older American Act funds, known as Title III funds, are the main source of this funding. The following table presents revenues and expenditures for the ASB for the last three fiscal years.



**Table 1**  
**Aging Services Bureau**  
**Revenues & Expenditures**  
**Fiscal Years 1998-99 to 2000-01**

|                         | <b>Fiscal Year<br/>1998-99</b> | <b>Fiscal Year<br/>1999-00</b> | <b>Fiscal Year<br/>2000-01</b> |
|-------------------------|--------------------------------|--------------------------------|--------------------------------|
| Federal Revenues        | \$ 5,037,963                   | \$ 5,163,999                   | \$ 4,971,865                   |
| State General Fund      | 933,786                        | 1,099,824                      | 1,379,992                      |
| Total Revenues          | \$ 5,971,749                   | \$ 6,263,823                   | \$ 6,351,857                   |
|                         |                                |                                |                                |
| Personal Services       | \$ 346,676                     | \$ 400,831                     | \$ 343,538                     |
| Operating Expenses      | 192,774                        | 257,587                        | 197,169                        |
| Grants to Area Agencies | 5,432,268                      | 5,344,899                      | 5,771,441                      |
| Total Expenditures      | \$ 5,971,718                   | \$ 6,003,317                   | \$ 6,312,148                   |

**Source: Compiled by LAD from Aging Services Bureau information.**

For fiscal year 2000-01, the ASB received approximately \$1.3 million from the General Fund and \$4.9 million of federal special revenue funds for a total budget of approximately \$6.3 million. Approximately \$540,700 was used for administrative purposes at the state level with more than \$5.7 million awarded to the Area Agencies on Aging.

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**Federal Title III Funds -  
Programs for the Aging**

Title III federal funds granted by the Administration on Aging are the main source of federal program funding. Funding is allocated for program services. The program provides for two main types of services. Title III B funds are used to provide support services such as ombudsman, information and referral, transportation, or homemaker services. Title III C funds provide for nutritional services, either congregate or home delivered meals. In addition, ASB receives a small amount of Title III F funds which are used for disease prevention and health promotion services.

## **Chapter II - Background**

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### **State General Funds**

Federal funds must be matched with state or local funds under federal requirements. For administrative services the funds must be matched by 25 percent, for direct services the matching requirement is 15 percent. State General Fund appropriations provide for a portion of the matching requirement, the remainder are mainly county mill levies or tribal support.

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### **Aging Services Bureau Programs**

In addition to coordination of the Area Agencies on Aging Program, other ASB programs include State Long-term Care Ombudsman Program, Legal Services, Information and Assistance, and State Health Insurance Counseling Program. We give a brief description of these programs below.

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### **State Long-term Care Ombudsman**

The State Long-term Care Ombudsman provides advocacy for the residents of nursing homes and other long-term care facilities and investigates complaints about abuse or quality of care. Duties include investigating and resolving complaints by or on behalf of residents, monitoring the development and implementation of federal, state, and local laws with respect to long-term care facilities, providing information to public agencies, designating qualified local long-term care ombudsman, and developing training for local ombudsman.

A combination of volunteers and staff serve the area agencies as Certified Local Ombudsmen. The local ombudsmen regularly visit residents in long-term care facilities in their areas. They report monthly on their activities to the State Ombudsman, however, the area agency directors generally supervise them.

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### **Legal Services**

The ASB has recently employed a Montana Legal Services Developer on their staff. This staff member provides training for seniors and family members and develops pro bono local legal services.

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### **Information and Assistance**

The ASB works with paid and volunteer technicians located in Areas Agencies on Aging, County Councils on Aging, and senior centers.

The technicians are trained to provide information about services available to the elderly, refer people to appropriate service programs and agencies, maintain a current directory of service providers, and provide outreach work in their communities.

In addition, the ASB also maintains the Montana Aging Services Tracking System. This computerized system tracks client information for services provided by Area Agencies on Aging.

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### **State Health Insurance Counseling Program**

The State Health Insurance Counseling Program offers counseling for older adults regarding options for supplementing Medicare coverage. Counselors also answer questions about Medicare, Medicaid, and private insurance.

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### **Food Distribution/Commodity Warehouse Section**

The Food Distribution/Commodity Warehouse Section stores and distributes commodity foods provided through the U.S. Department of Agriculture (USDA). Programs for elderly senior citizens are operated through Area Agencies on Aging under two federal programs as discussed below.

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### **Nutrition Program for the Elderly**

The Nutrition Program for the Elderly (NPE) helps provide elderly people with nutritionally sound meals through meals-on-wheels programs, or in senior centers and similar congregate meal settings. The NPE is administered by the U.S. Department of Health and Human Services, but receives commodity foods and financial support from the U.S. Department of Agriculture's Food and Nutrition Services.

Under NPE, USDA provides cash reimbursements and commodity foods to the Food Distribution/Commodity Warehouse Section, which passes them on to agencies and organizations that serve meals through the Area Agencies on Aging. Reimbursements are used for food purchases. Area agencies can take all or part of their subsidies in cash, rather than commodity foods.

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### **Commodity Supplement Food Program**

The Commodity Supplemental Food Program (CSFP) works to improve the health of low-income elderly people by supplementing

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their diets with USDA commodity foods given directly to individuals. CSFP food packages do not provide a complete diet, but rather are sources of the nutrients typically lacking in the diets of the target population.

The U.S. Department of Agriculture administers CSFP. USDA purchases food and makes it available to state agencies, along with funds for administrative costs. The department stores the food and distributes it to participating area agencies. The CSFP is new to Montana. Many of the area agencies we visited had just received their first deliveries of commodities.

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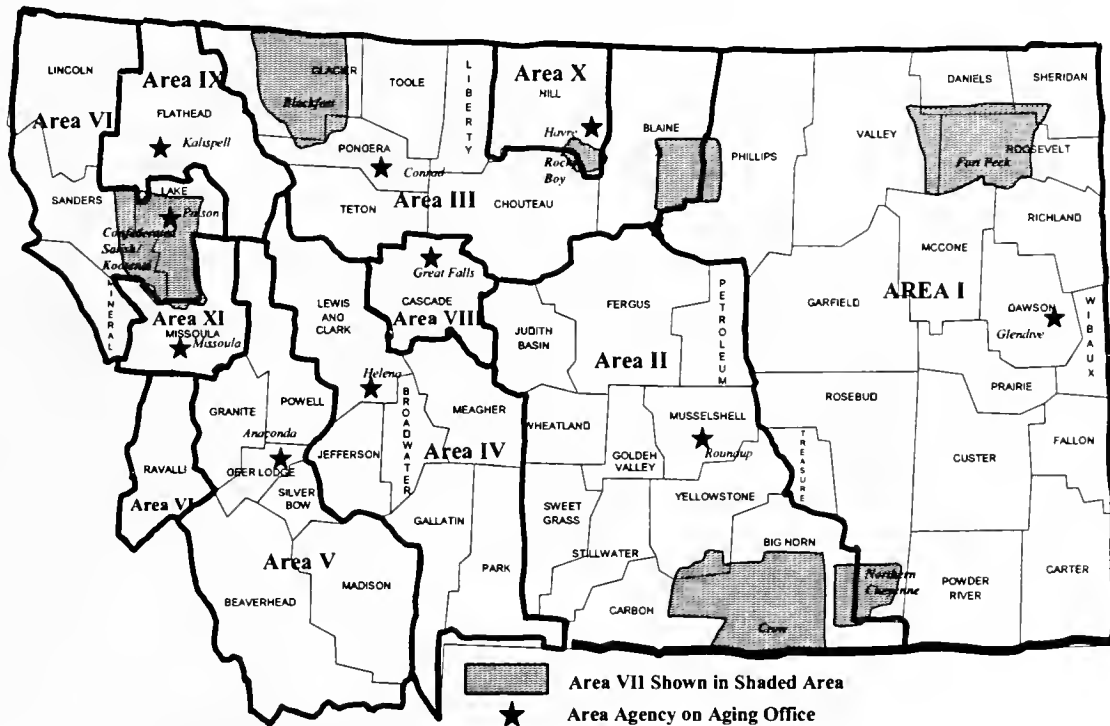
### Area Agencies on Aging

One of the objectives of the Aging Services Bureau is to provide a comprehensive and coordinated system for delivering services. The state currently coordinates with 11 planning and service areas, or Area Agencies on Aging to provide services to older Montanans. Statute limits the number of area agencies to no less than seven and no more than twelve. Area agencies boundaries must follow county boundaries or Indian reservations, or both. Six area agencies are multi-county areas, four area agencies are single county areas, and one area represents the seven Montana Native American reservations. Area agencies are designated in the state plan, which is submitted and approved every four years.

Area agencies are public or private non-profit agencies, designated by the ASB, to address the needs and concerns of older Montanans at the local level. Every area agency is required to have an advisory council, comprised primarily of older persons, to review and comment on all programs affecting the elderly at the community level. According to ASB documentation, more than 100 advisory council members work in partnership with the local area agencies.

The following map shows the 11 Area Agencies on Aging below. Also noted is the Area Agency on Aging office location for each area.

**Figure 1**  
**Montana Area Agencies on Aging**



Source: Compiled by LAD from Aging Services Bureau information.

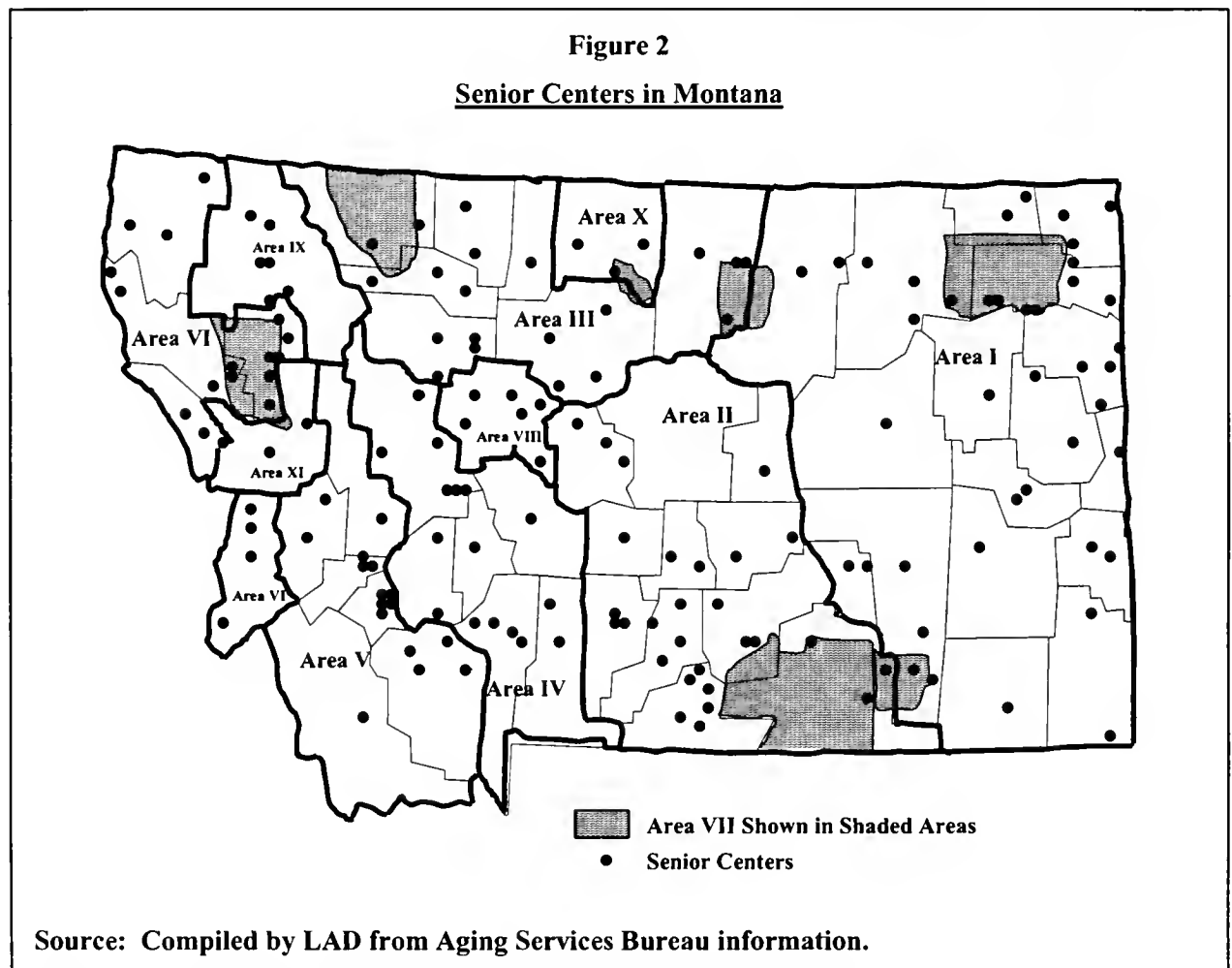
The area agencies perform three activities for older Montanans: advocate on behalf of older persons in their service area; identify the needs of the elderly and create plans for meeting those needs through a system of in-home and community-based services; and administer a wide variety of federal, state, local and private funds which support the services.

### Senior Citizen Centers

The area agencies contract with several direct service providers. Direct service providers include County Councils on Aging and non-profits such as senior citizen centers. We noted a comprehensive system of senior citizen centers throughout the state. For example, in Area I the area agency contracts with 37 centers located in

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communities throughout the region. Currently the area agencies contract with 159 senior centers around the state to provide services under the area agency program. The following map shows the location of the various senior citizen centers.



### Program Activity Planning

Services funded through the Area Agencies on Aging program and provided to Montana's aged population are identified through a planning process beginning at the local level with final approval from the federal government. Needs and services of senior citizens are identified at the county level. Local planning groups, such as County Councils on Aging or county commissions, identify needed services for aging persons in their area. Needs are identified through

public meetings and hearings. Local planning groups submit identified needs and services to their respective area agency which incorporates local plans into an Area Plan of Action. Area agencies then submit their plan to the state. Every four years, the department develops a State Plan on Aging based on area agency plans. The Governor's Advisory Council on Aging reviews the issues and needs addressed in the state plan. Hearings concerning the plan are held prior to its adoption. The governor then approves the state plan and submits the plan to the federal government for final approval.

Area agency plans are formalized through a contract process with the department. Contracts identify services area agencies will provide, the level of expenditures for services, and set forth other operating requirements and expectations of the contracting parties.

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### **Provision of Services**

Federal regulations require area agencies contract for services unless the agency can show a substantive reason it should be allowed to directly provide services. Waivers can be granted if providing the services is necessary to ensure an adequate supply of services, the services are related to the administration functions, or where services of comparable quality can be provided more economically by the agencies. In Montana, multi-county area agencies typically contract with the County Councils on Aging in its region or other providers for services. Providers include senior citizen centers, local hospitals, and restaurants. However, single county area agencies have generally been authorized to provide services to clients directly.

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### **Types of Services**

As discussed above, area agencies contract to provide services, both supportive and nutrition. Supportive services include transportation, home chore services, ombudsman services, information and referral services, legal services, and health screenings.

According to the division administrator, the primary and most important services provided by the program are congregate and home delivered meals. The home delivered meal program is also known as the Meals on Wheels program. Congregate and home delivered

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meals are provided free of charge to individuals 60 years and older. Younger people can obtain a meal if they pay the cost of the meal.

The following table shows the number of meals provided to program recipients over four years.

**Table 2**  
**Aging Program Nutrition Services**  
**Fiscal Years 1996-97 to 1999-00**

|                  | <b>Fiscal Year<br/>1996-97</b> | <b>Fiscal Year<br/>1997-98</b> | <b>Fiscal Year<br/>1998-99</b> | <b>Fiscal Year<br/>1999-00</b> |
|------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Congregate Meals | 1,191,022                      | 1,205,617                      | 1,208,733                      | 1,215,626                      |
| Home-Delivered   | 626,709                        | 603,737                        | 592,296                        | 597,265                        |
| Total Meals      | 1,817,731                      | 1,809,354                      | 1,801,029                      | 1,812,891                      |

**Source: Compiled by LAD from Aging Services Bureau Information.**

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### **Area Agencies on Aging Funding**

State and federal funding is allocated to area agencies in accordance with an established funding formula. Area agencies receive a base level of funding, with the remainder of grant awards allocated according to the number of senior citizens, low-income and minority senior citizens in an area. Population characteristics are based upon federal census data. New funding allocations will be calculated based on new demographic information contained in the recently issued federal 2000 census.

Unlike Medicaid, which outlines the fee structure for services and strictly defines service and eligibility requirements, this program uses block grants. The block grants allow each agency to define the services they will provide. The number of services that can be provided is controlled by the amount of funding received.



The Area Agencies on Aging receive funding from a number of federal and state programs. In addition they receive donations, both in-kind and cash. We discussed revenues received from the Aging Services Bureau and the Food Commodity/Warehouse Section previously. The other revenues are discussed below.

### **Other State/Federal Programs**

According to ASB staff, other state/federal program accounts for federal funds received mainly through other state agencies. Examples include Commodities, Federal Cash-In-Lieu, reimbursements from the Medicaid Home and Community Based Waiver Program, Capital Assistance for the Elderly funds received from the Department of Transportation, and Community Development Block Grants from the Department of Commerce.

### **Program Income/Donations**

Federal requirements for the program specify service providers are required to provide an opportunity to individuals being served under the nutrition services program to make voluntary contributions for meals. Donations are considered program income. Solicited donations must be used to increase the number of meals served, facilitate access to meals, or provide other supportive services directly related to nutrition services. Most of the direct service providers also solicit donations for other services they provide. As shown in the following table, donations provide a significant portion of area agency funding, approximately 22.5 percent in fiscal year 2000-01.

### **Match**

Local match amount is generally a portion of the county mill levy discussed below.

### **Other Resources**

Most county governments assess a mill levy to support senior centers and services to elderly within the county. This additional support is provided to area agencies to match federal funds and provide additional services. We noted most counties with Native American reservations do not provide local matching funds to the multi-reservation Area VII. The exception to this is Glacier County, which does provide the Blackfeet tribe with some county support for elderly services.

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Also included in this category are monies generated from fund raising activities. We noted various centers involved in a number of different fund raising projects, including quilt raffles, greeting cards, operating food booths at the county fairs and holding dances. We present revenue information for the program for fiscal year 2000-01 below:

**Table 3**  
**Area Agencies on Aging Revenues**  
**Fiscal Year 2000-01**

|           | <b>Federal/State<br/>AAA Grants</b> | <b>Other State/<br/>Federal<br/>Programs</b> | <b>Project<br/>Income/<br/>Donations</b> | <b>Local<br/>Match</b> | <b>Other<br/>Resources</b> | <b>Area Revenues<br/>Total</b> |
|-----------|-------------------------------------|----------------------------------------------|------------------------------------------|------------------------|----------------------------|--------------------------------|
| Area I    | \$ 691,007                          | \$ 121,071                                   | \$ 482,769                               | \$ 128,590             | \$ 305,320                 | \$ 1,728,757                   |
| Area II   | \$ 952,050                          | \$ 575,226                                   | \$ 671,699                               | \$ 242,034             | \$ 590,352                 | \$ 3,031,361                   |
| Area III  | \$ 328,900                          | \$ 121,153                                   | \$ 321,332                               | \$ 62,752              | \$ 100,894                 | \$ 935,031                     |
| Area IV   | \$ 574,457                          | \$ 129,073                                   | \$ 370,148                               | \$ 110,094             | \$ 419,269                 | \$ 1,603,041                   |
| Area V    | \$ 476,811                          | \$ 94,573                                    | \$ 138,811                               | \$ 101,804             | \$ 91,870                  | \$ 903,869                     |
| Area VI   | \$ 493,648                          | \$ 81,440                                    | \$ 450,713                               | \$ 105,537             | \$ 209,281                 | \$ 1,340,619                   |
| Area VII  | \$ 271,792                          | \$ 7,713                                     | \$ 4,108                                 | \$ 42,867              | \$ 56,819                  | \$ 383,299                     |
| Area VIII | \$ 398,651                          | \$ 61,459                                    | \$ 178,907                               | \$ 110,184             | \$ 114,986                 | \$ 864,187                     |
| Area IX   | \$ 316,997                          | \$ 42,512                                    | \$ 77,185                                | \$ 55,768              | \$ 386,121                 | \$ 878,583                     |
| Area X    | \$ 129,166                          | \$ 106,958                                   | \$ 193,255                               | \$ 22,346              | \$ 299,237                 | \$ 750,962                     |
| Area XI   | \$ 331,213                          | \$ 65,969                                    | \$ 146,601                               | \$ 72,404              | \$ 443,120                 | \$ 1,059,307                   |
| Total     | \$4,964,692                         | \$1,407,147                                  | \$3,035,528                              | \$1,054,380            | \$3,017,269                | \$13,479,016                   |

**Source: Compiled by LAD from Aging Services Bureau Information.**

### **Area Agencies on Aging Additional Programs**

The programs and services discussed above are generally provided by all 11 Area Agencies on Aging. Area agencies also provide a number of other program services to Montana senior citizens. It should be noted the programs offered by each area agency vary substantially based on choices area agencies make regarding

additional programs they offer. Many of the programs are operated with funding from direct federal grants. Others are federal grant programs administered by other state agencies. The area agencies operate these programs in part to expand the array of services available to senior citizens and to increase administrative funds available to operate their programs. We discuss programs offered by some of the area agencies below.

### **Direct Federal Program Grants**

Most of the area agencies have applied for and received some direct federal grants. Most of these grants are designed to assist senior citizens wishing to perform various kinds of community services. These include:

- ▶ Retired and Senior Volunteer Program matches the personal interests and skills of older Montanans with opportunities to help work with community organizations.
- ▶ Foster Grandparent Program volunteers devote their service to children with special or exceptional needs.
- ▶ Senior Companion Program volunteers work with adults who need extra assistance to live independently in their own homes or communities.
- ▶ Seniors for Schools places older volunteers in schools to assist children in need of extra assistance with reading skills.
- ▶ Title VI - Indian Aging Programs are direct federal grants to eligible Indian organizations included in Area VII Agency on Aging.
- ▶ Green Thumb, Inc., a national not-for-profit organization, provides older worker training, employment, and community service.
- ▶ AIMS, under this program senior volunteers work with Medicare beneficiaries in examining billing statements and other Medicare notices.

### **State-Administered Grants**

Some of the area agencies also receive federal grant funds administered through various state programs, such as:

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- ▶ Medicaid Home and Community Based Waiver Services allows Medicaid recipients to receive individually prescribed and arranged services according to their needs.
- ▶ Low Income Energy Assistance Program provides heating assistance and weatherization materials to reduce heating costs for low-income individuals.

# Chapter III - Conclusions, Findings and Recommendations

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## Introduction

The Aging Services Bureau (ASB) administers the Area Agencies on Aging Program. The ASB allocates funding, monitors program compliance, and tracks provider services. We examined the ASB processes and procedures over the area agency programs. We also reviewed controls over commodities administered by the Food Distribution/Commodity Warehouse Section. We discuss our conclusions, findings, and recommendations below.

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## Controls Established Over Commodity Programs

Food distribution/commodity warehouse section staff established inventory and receipting procedures over commodities delivered to area agencies for both the Nutrition Program for the Elderly (NPE) and the Commodity Supplemental Food Program (CSFP). In addition, on-site reviews and inventory counts are conducted at each area agency on a four-year rotating basis. Locally, reviews are conducted annually.

While the CSFP is new, area agency staff are knowledgeable of program requirements. Standardized eligibility forms for recipients and signed commodity receipt forms are used in areas we reviewed. As part of the eligibility form, income must be declared by program recipients. We also noted many of the area agencies deliver commodities to program recipients. As a result they are aware of the living situation of the recipients. This assists staff in ensuring eligibility requirements are met by recipients.

For the NPE program we noted area agencies maintain inventories of commodities received and used. In multi-county areas, agency staff conduct inventories of direct service providers using program commodities. Area agencies track commodities through their budgetary and expenditure reporting processes. We noted the only requirement for recipient eligibility for this program is that recipients are 60 years of age or older. However, younger persons can obtain meals through the program if they pay the cost of the service. When

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conducting visits to various senior centers we noted direct service providers required younger persons to pay actual costs for meals.

**Conclusion:** The Food Distribution/Commodity Warehouse Section and the area agencies have established reasonable controls to ensure commodities are provided to eligible persons.

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### Waivers Allow Area Agencies to Provide Services Directly

One of our objectives was to examine waivers granted to area agencies allowing them to provide direct services to program recipients. According to federal program requirements, supportive, nutrition or in-home services may not be provided directly by area agencies unless in the judgment of the Aging Service Bureau direct provision of services is necessary to ensure an adequate supply of services, where services are related to the agency's administrative functions, or where services of comparable quality can be provided more economically by the agency.

Four-single county area agencies provide direct services to program recipients. In multi-county area agencies, County Councils on Aging provide direct program services to program recipients. The four single-county area agencies were previously County Councils on Aging and part of multi-county agencies. ASB staff stated that when the single-county area agencies split from the multi-county agencies they attempted to find direct service providers in their areas. They were unsuccessful and requested waivers from ASB to provide direct services based on the need to maintain a supply of services. The waivers have been granted to the single-county area agencies since that time.

**Conclusion:** Area agencies are allowed to provide services directly to program recipients under ASB waivers.

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### Monitoring Activities Ensure Program Services Provided to Senior Citizens

Another audit objective was to determine if ASB and area agency monitoring activities ensured program services were provided to senior citizens. Both Area Agency on Aging directors and Aging Services Bureau staff conduct monitoring activities to ensure services under the program are provided to Montana's senior citizens. We found area agencies conducted annual evaluations of their direct service providers. Some area agency directors utilize performance measures, quarterly analysis of program reports, and graphic comparisons as monitoring tools. Area directors attended advisory councils meetings and routinely visited direct service provider sites in their areas.

Required documentation for direct service providers includes sign-in logs for nutritional services, menus of congregate meals published in local newspapers, delivery receipts for home delivered meals, and timesheets signed by program recipients for homemaker services. We visited ten direct service providers, finding all but one required program recipients to complete documentation. We also found all but one of the providers maintained documentation of services.

Aging Services Bureau staff requires monthly reports from the area agencies on the number of meals provided in their area. In addition, area agency staff are to enter services provided to program recipients onto the Montana Aging Services Tracking System (MASTS). The system allows ASB to track and report on the number of services provided to program recipients.

**Conclusion:** The monitoring activities of the Area Agencies on Aging and the Aging Services Bureau provide reasonable assurance program services are provided to senior citizens in Montana.

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### Additional Monitoring Activities

We also noted other types of monitoring activities by ASB staff over area agency functions. Funding allocations for the program are made to area agencies on an annual basis. Area agencies' financial statements are audited by independent auditing firms. The ASB reviews these audits and ensures recommendations are implemented

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during their reviews. Budgets and contracts require assessments of needed services by the area agencies. In addition, ASB staff discusses the planning process and prioritization of needs during annual evaluations. They also monitor progress towards implementing additional needed services.

Quarterly area agency directors meetings are held with ASB staff. Training and updates on program requirements are provided. In addition, training sessions for ombudsman, information and referral technicians and State Health Insurance Counseling Program counselors are also conducted. The ASB staff developed policy and procedures manuals outlining program requirements.

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### **Improvements to Monitoring Could be Made**

While we conclude monitoring activities provide reasonable assurance program services are provided, we did identify improvements which could be made to monitoring activities.

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### **Monitoring Tools Do Not Always Ensure Program Requirements Reviewed**

Area Agencies on Aging do not use monitoring tools that include all critical strategic program areas when evaluating direct service providers compliance with program requirements. The multi-county and multi-Reservation area agencies contract with direct service providers such as senior centers or County Councils on Aging.

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### **Monitoring Tools Vary Among Area Agencies**

Area agencies staff are required to review County Councils on Aging and senior centers to ensure they are complying with program requirements. Each area director develops their monitoring tools and monitoring schedule. We determined the program evaluation tools varied according to the area director. In some cases the yearly evaluation content varied from year to year depending on what areas the director believed needed additional emphasis and review. We also noted some County Councils on Aging contract with direct service providers and also monitor their compliance with program requirements. According to ASB staff, while reviews of direct service providers by area agencies are required, ASB staff has not recently reviewed area agency monitoring tools to ensure critical aspects of the program are reviewed.



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### **Reviews Not Documented**

We also noted concerns with reviews of service providers conducted either by area agency staff or County Councils on Aging directors. We found one County Council on Aging director conducts regular reviews of service providers; however, reviews are not documented. Without supporting documentation it may be difficult for the director to follow-up on concerns or track patterns of non-compliance with policies and procedures. Other direct service providers noted the reviews area agency staff conducted did not include reviews of file documentation or comparisons of files with reports to the area agency. Reviewing file documentation and comparing this with reports ensures providers are appropriately recording and reporting on services provided to program recipients. ASB program policy requires an area agency staff analysis of the accuracy of record keeping and reporting of financial and service activities.

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### **Controls Over Donations Not Consistently Implemented**

Under the Area Agencies on Aging Program, direct service provider programs include providing nutritional, transportation, and homemaker services. Program requirements also encourage direct service providers to solicit donations for the services provided. Donations are considered program income. We noted the program recorded over \$3 million in program income in fiscal year 1999-00. Ensuring adequacy of the financial controls over all program funds is included in ASB policy manual under area agency functions and responsibilities.

Program requirements state prior to depositing donations two people are to count the donations. At one provider site we observed cash donations counted by a single individual, contrary to program policies. The area director was not aware of this, but indicated they will be following up with site staff to ensure program policies are followed. At another site we found the coordinator deposited donations for services without another person assisting them. The area agency director was aware of this, but believed it was acceptable because the employee was bonded against any losses. Increased emphasis on this program area by the ASB staff during their reviews of area agencies could improve the area agencies' staffs

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awareness of the requirements for inclusion in their monitoring of direct service providers.

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### Summary

While ASB staff review the area agencies staff's system for monitoring its own activities and performance relative to its approved Area Plan of Action, they have not ensured critical strategic areas such as service provider controls over cash donations or accuracy of file documentation are included in the reviews conducted by area agencies staff since they approved the agency plans in fiscal year 1998-99. We noted the 2001 Area Agency on Aging assessment did not include review of the area agency monitoring tools. Ensuring area agencies include critical program areas in their reviews of direct service providers can improve compliance with program requirements by direct service providers.

While program policy states the assessment format is subject to ASB approval, regularly reviewing the area agency monitoring tools helps focus the area agency reviews on critical strategic areas. ASB staff can ensure program requirements are regularly assessed by area agencies by including these elements in their reviews.

#### **Recommendation #1**

**We recommend the ASB staff improve their monitoring process by:**

- A. Including a review of area agency monitoring tools to ensure monitoring of consistent areas among area agencies.**
- B. Ensuring area agency monitoring tools include maintenance of review documentation and controls over donations.**

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### **ASB Should Improve Access and Monitoring of Ombudsman Services**

In addition to the nutrition and support services provided to senior citizens, the Area Agencies on Aging Program also provides ombudsman services. Nursing homes, board and care homes and other similar facilities are a critical part of caring for the vulnerable older person in their community. The protecting and preserving of

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rights of older persons in these facilities has been primarily the goal of the long-term care ombudsman programs operated by the ASB and the area agencies. According to ASB staff the ombudsman's role is to examine long-term care facilities from a resident's perspective, focusing on ensuring the rights of residents are protected. Residents without involved family members do not necessarily have other advocates should they have concerns or find themselves in abusive or neglectful situations. Regular visits by local ombudsmen to long-term care facilities provide residents access to advocate services should they have concerns their rights are being violated. We found two areas of the Ombudsman Program that could be improved.

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### **Some Montana Communities Do Not Have Access to Certified Local Ombudsmen**

The Aging Services Bureau has not ensured the residents of long-term care facilities in some Montana communities have access to regular visits from Certified Local Ombudsmen as required under federal guidelines to protect a vulnerable population. ASB staff developed policies defining regular as monthly. Long-term care facility residents are considered a vulnerable population due to their medical or mental condition which requires placement in the facility.

During our audit, we noted several communities within regional Area Agencies on Aging are without a local ombudsman. These communities include Helena, Butte-Silver Bow, Ennis, Dillon, and Deer Lodge. We also noted that the Blackfeet and Crow tribes do not have local ombudsmen serving in their communities. In addition, the Billings community had a half-time ombudsman to serve 21 long-term care facilities. This staff is also responsible for other duties such as Information and Assistance. The local ombudsman is unable to visit the facilities on a monthly basis. The two state ombudsmen are attempting to visit facilities in communities without Certified Local Ombudsmen; however, they are unable to visit each facility more than once every three months. In October 2001, a Certified Local Ombudsman was hired for Helena. The half-time ombudsman in Billings is now full-time.

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State and federal requirements direct ASB to ensure regular ombudsman visits are conducted with long-term care facility residents. Certified Local Ombudsman duties include visits to assigned long-term care facilities on a regular basis (usually at least monthly), meeting with residents and familiarizing them with the functions of the ombudsman program, establishing and maintaining a working relationship with administrative and direct care staff, and receiving, investigating, and working to resolve complaints regarding the health, safety, welfare and rights of residents.

ASB staff allocates federal and state funding to the 11 area agencies based on a prescribed funding formula. According to ASB staff, the funding granted to local area agencies is used for local identified needs. In some local communities ombudsman services have not been considered as high a priority. The bureau has identified this issue and is currently working to gain the approval from the federal oversight agency, the Center for Medicare and Medicaid Services, to charge some ombudsman services to the Medicaid program. This would increase funding for the ombudsman program. According to bureau staff this additional funding would be used to increase local ombudsman services in communities currently without local ombudsman.

Federal requirements for the program state that state agencies may use any amount of funding necessary to conduct an effective ombudsman program. If the ASB is unable to get approval for additional funding through the Medicaid program they have the authority to ensure local communities direct current resources towards local ombudsman. We recognize this may result in fewer resources for other programs.

### **Recommendation #2**

**We recommend the ASB develop a plan to ensure Certified Local Ombudsman services are available monthly to long-term care facility residents in all Montana communities.**

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### **Ombudsman Reports Do Not Track Long-term Care Facility Visits**

For those area agencies with ombudsmen, the ASB does not have a reporting mechanism ensuring Certified Local Ombudsman (CLO) visit long-term care facilities regularly. The State Ombudsman requires CLOs to report on the number of visits they make to long-term nursing facilities on a monthly basis. Problems noted with facilities are passed onto the Certification Bureau of the department for follow-up. The form used by the CLO lists the number of nursing home visits, personal care visits, staff in-service, resident councils, family councils, annual surveys, facility consultations and information contacts completed. The form does not designate which facilities the certified local ombudsman visited during this time.

Certified Local Ombudsmen may miss a facility or visit a facility on a less than regular basis. This could leave the residents without a resource to report abuse and neglect issues. One of the State Ombudsman's responsibilities is oversight of certified local ombudsman. Part of oversight is ensuring the certified local ombudsman complete regular visits at the long-term care facilities in their area.

The State Ombudsman staff reviews whether certified local ombudsman complete contacts with long-term care facility residents on a monthly basis. While the monitoring tool currently used allows them to track the type of contacts local ombudsman make, the monitoring tool does not include the facilities visited. By including a listing of facilities visited, the State Ombudsman can ensure all facilities in the area are visited regularly.

The ASB staff changed the form to include facility name shortly after it was brought to their attention.

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### **Recommendation #3**

**We recommend the ASB staff:**

- A. Incorporate a list of facilities visited in the monthly reports completed by the Certified Local Ombudsman.**
- B. Compare the monthly reports with an inventory of current long-term care facilities to ensure local ombudsmen visit each facility monthly.**

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### **Federal Disclosure Issue - Incorrect Funding Allocations**

The Aging Services Bureau contracts with 11 Area Agencies on Aging to provide services to senior citizens. Four of the area agencies serve a single county, six serve multi-county areas, and one area serves the seven Native American reservations within the state. We noted the seven tribal reservations are located within other area agency boundaries. The multi-reservation area agency is designated by ASB as Area VII. (See map on page 13.)

Federal and state funding is to be allocated to the 11 area agencies based on a federally approved funding formula. The formula considers such factors as senior citizen populations and the numbers of low-income and minority populations within the geographical area of the agencies' boundaries. ASB allocates funding to each area agency according to the individual characteristics of each county within the area agency. The state methodology recognizes the higher costs for providing services in rural counties. The ASB allocates remaining funding according to the percentage of persons in each county who are 60 or more years of age (70 percent), are low-income seniors (20 percent), and are minority seniors (10 percent). This methodology assures Area Agencies on Aging with greater percentages of low-income and minority populations will receive additional funding to provide aging services. Demographic information is to be based on the most recent census information.

To calculate the senior citizen population-funding factor for the majority of area agencies the Aging Services Bureau allocates the

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funds based on the total population of elderly in the area. To calculate the percentage of funding for the tribal area agency the ASB uses the population of Native American seniors living on the reservation. Those elderly populations living on the reservation who are not Native American are credited to the area agency whose boundaries encompass the reservation. According to federal requirements, designated area agencies are to provide services for all populations living within their boundaries. Under the funding formula, Aging Services Bureau is also required to distribute funding to the tribal area agency for all elderly populations living within their boundaries, not just the Native American populations.

Federal Administration on Aging (AOA) officials have notified the Aging Services Bureau they are not in compliance with federal requirements in relation to their funding distributions. In addition, they have notified ASB Area VII should provide services to all elderly populations living on Native American reservations. The Aging Services Bureau has until July 15, 2002 to come into compliance with federal requirements for the program. According to Administration on Aging officials, failure to properly implement the intrastate funding formula can jeopardize federal Title III funding.

In response to this issue the ASB requested a waiver from the AOA to allow them to make distributions considering only the Native American populations within the area agency boundaries. Waiving these federal requirements for the program is not an option according to AOA officials.

We calculated the funding formula factor based on elderly populations to determine the amounts of over and under allocations made to the various area agencies. It should be noted additional increases and decreases in funding allocations could also result for low-income and minority population factors. The following table presents funding allocations for the majority of the federal funds used for nutritional and support services in fiscal year 2000-01. We provide both allocations made by ASB and allocations according to federal requirements.

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**Table 4**  
**Aging Services Bureau**  
**Federal Fund Distributions – Actual and Required**  
**Based on Elderly Populations**  
**Fiscal Year 2000-01**

|           | <b>Actual Allocation<br/>by ASB</b> | <b>Federally-<br/>Required<br/>Allocation</b> | <b>Over (Under)<br/>Payments</b> |
|-----------|-------------------------------------|-----------------------------------------------|----------------------------------|
| Area I    | \$ 218,389                          | \$ 203,309                                    | \$ 15,080                        |
| Area II   | 389,925                             | 384,708                                       | 5,217                            |
| Area III  | 99,304                              | 96,915                                        | 2,389                            |
| Area IV   | 244,752                             | 244,592                                       | 160                              |
| Area V    | 192,027                             | 191,980                                       | 47                               |
| Area VI   | 193,590                             | 147,283                                       | 46,307                           |
| Area VII  | 27,322                              | 97,388                                        | ( 70,066)                        |
| Area VIII | 171,811                             | 171,699                                       | 112                              |
| Area IX   | 134,559                             | 134,445                                       | 114                              |
| Area X    | 36,950                              | 36,847                                        | 103                              |
| Area XI   | 141,009                             | 140,470                                       | 539                              |

**Source: Compiled by LAD from Aging Services Bureau information.**

As can be seen above, the federal funding for Area VII would be significantly increased if allocated according to federal requirements for the program. Funding allocations to Area VI and Area I would significantly decrease. However, Area VII would be responsible for ensuring senior citizens living within its boundaries continued to receive services previously provided to them by other areas.

AOA staff presented the ASB with three options. They are:

1. Leaving the area agency boundaries as currently drawn, distribute funding to all area agencies based on total population of older persons within each area. Under this option the ASB would enter into a performance-based contract with the newly constituted Area VII Agency whereby Area VII would



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subcontract with current service providers (i.e., those currently funded by other area agencies) to ensure services to non-Indians are not interrupted during the transition period. According to AOA officials, this option would allow the Area VII agency to gain experience and capacity and be able to address the service needs of non-Native American seniors.

2. Leaving the area agency boundaries as currently drawn, distribute Title III funding to all area agencies based on total population of older persons and revise the funding formula weights and factors addressing rural and low income minority elderly in order to equalize funding across area agencies.
3. Dissolve Area VII and include the reservations within the boundaries of the remaining area agencies. Encourage tribal organizations to form a “Native American Elders Service Association” with whom area agencies could subcontract to provide services to Native American seniors.

The Aging Services Bureau is currently considering these options and others in this matter. At this time it is unclear how ASB staff will address the situation.

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### **Area Agencies Do Not Follow State Funding Allocations**

We also evaluated how multi-county area agencies distribute funding to their individual counties. Federal laws and regulations require special emphases be given to low-income and minority populations when serving senior populations. The ASB provides assurances they will comply with these requirements in the state plan. Additionally, the state plan recognizes the additional costs associated with providing services in rural areas. ASB included an allocation methodology in the state plan that addresses these three concerns.

Area agencies with multiple counties distribute ASB’s allocations to direct service providers within their counties including County Councils on Aging and senior centers. However, since some area agencies funding methodologies only consider senior populations, they do not necessarily address increased funding for counties with higher percentages of low-income and minority populations. Of the six multi-county area agencies, three multi-county area agencies have adopted methodologies for allocating state and federal funding

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that do not provide special program emphases outlined in the State Plan on Aging.

Analysis of funding allocation methodologies used by the three area agencies indicate counties, particularly more rural counties, with greater percentages of low-income and minority populations receive less funding than if the area agencies had used the state's methodology.

One of the areas using a different funding formula is Area I Agency on Aging. This agency serves 17 rural counties in eastern Montana. We present a table below demonstrating the differences in funding allocations for federal funds using the state's methodology and the Area I Area Agency methodology. It should be noted while the amounts are not large, the average cost of meals provided in fiscal year 1999-00 was \$3.51. This means for every additional \$1,000 received an additional 285 meals can be provided.

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**Table 5**  
**Comparison Between Area I and ASB Funding Allocations**  
**Fiscal Year 2000-01**

| <b>County</b> | <b>Area I<br/>Allocation</b> | <b>ASB Allocation</b> | <b>Over (Under)</b> |
|---------------|------------------------------|-----------------------|---------------------|
| Carter        | \$12,902                     | \$13,111              | (\$ 209)            |
| Custer        | \$62,809                     | \$59,274              | \$3,535             |
| Daniels       | \$21,555                     | \$23,702              | (\$2,147)           |
| Dawson        | \$46,489                     | \$42,065              | \$4,424             |
| Fallon        | \$21,518                     | \$23,622              | (\$2,104)           |
| Garfield      | \$12,505                     | \$12,352              | \$ 153              |
| McCone        | \$15,522                     | \$14,874              | \$ 648              |
| Phillips      | \$31,551                     | \$35,256              | (\$3,705)           |
| Powder River  | \$14,958                     | \$14,604              | \$ 354              |
| Prairie       | \$14,583                     | \$14,435              | \$ 148              |
| Richland      | \$50,065                     | \$49,609              | \$ 456              |
| Roosevelt     | \$34,512                     | \$34,516              | (\$ 4)              |
| Rosebud       | \$27,771                     | \$30,059              | (\$2,288)           |
| Sheridan      | \$34,267                     | \$32,921              | \$1,346             |
| Treasure      | \$ 9,686                     | \$10,836              | (\$1,150)           |
| Valley        | \$46,304                     | \$45,452              | \$ 852              |
| Wibaux        | \$11,889                     | \$12,196              | (\$ 307)            |

**Source: Compiled by Legislative Audit Division.**

As can be seen from the table above, counties with high populations of low-income and minority seniors such as Daniels, Fallon, Rosebud, and Treasure receive less funding under the Area I allocation method than was allocated to the area agency using the ASB methodology. We believe these allocation methodologies do not reflect the needs and assurances outlined in the State Plan on

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Aging for serving low-income or minority populations. Ultimately, such funding methodologies may result in some County Councils on Aging being unable to emphasize aging services to low-income or minority seniors.

According to program managers, the Aging Services Bureau staff has not examined area agency funding methodologies in recent years. The bureau also considers funding methodologies a matter of allowing local agencies to retain control of their funding. One area agency director said the state's funding methodology is complicated and difficult to explain to local aging services representatives, and was unsure how the area agency would implement a similar methodology at the local area. Another area agency director said federal and state allocation methodologies already address the minority and low-income issues, and using similar methodologies at the local level are not needed.

However, our analysis indicates funding allocation methodologies by some area agencies do not assure area agency on aging grants reflect the emphases outlined in the state plan for rural low-income or minority populations. Area agencies plan assurances include objectives for providing services to older individuals with the greatest economic or social need, including low-income and minority individuals. It is difficult to meet these objectives without providing funding to those counties with the largest populations of low-income or minority seniors. The ASB has primary responsibility for oversight of aging services grants. We believe ASB staff should review methodologies used by areas agencies to assure local compliance with the approved State Plan on Aging which targets low-income and minority populations.

### **Recommendation #4**

**We recommend the Aging Services Bureau staff review how Area Agencies on Aging allocate funding to assure area agency methodologies appropriately address the state plan requirements relating to low-income and minority populations.**

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### **Aging Services Bureau Could Improve Its Management Information System**

The Aging Services Bureau needs to improve its controls and monitoring efforts of procedures used by persons gathering and entering data into the management information system of the bureau. The Montana Aging Services Tracking System (MASTS) was developed with the intent of tracking and monitoring use of program services. ASB implemented MASTS in October 1999. MASTS was developed to meet federal requirements regarding data processing techniques to insure accurate reporting of program information such as unduplicated numbers of program recipients. This information is used by the federal Commissioner on Aging to report to the President and to the Congress on the activities carried out under the Older Americans Act.

Area agencies are required to register program recipients receiving services on MASTS. Registering a recipient in MASTS requires a name and date of birth. We identified one reservation in Area VII that was not having recipients complete MASTS data forms and was not submitting MASTS program information to the ASB for entry into MASTS.

We also found staff in one single-county area agency does not always require recipients complete a MASTS data collection form when a service is first provided. However, staff also believed it important to get all new program recipients registered, even when complete information was not available. We noted several instances where area agency staff entered incorrect or fictitious dates of birth for seniors if complete information was not available. This practice violates program policy requiring data entry staff register such recipients as “guests” if information is not available to formally register the individual.

Entering incorrect data increases the risk some program recipients may be duplicated within the system. During our limited review of MASTS, we noted instances of duplicate registrations on MASTS. We were unable to determine whether duplications observed resulted from users entering fictitious birthdates. However, since birthdates are a key identifier for recipients, entering incorrect birthdates

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increases the risk individuals may be duplicated in MASTS, which increases demands on resources for correcting management information.

Incomplete information results in underreporting program use and activities that could affect future funding from the federal government. Incorrect management information can limit the department's ability to evaluate and plan future program activities, as well as result in inaccurate reporting to the federal government. To compensate for incomplete data, area agency staff spend additional time tabulating program information from other documents. Included in the State Plan on Aging are assurances the ASB will employ procedures for data collection from Area Agencies on Aging to permit the ASB to compile and transmit accurate and timely statewide data. This would include controls to assure all areas providing services are submitting appropriate program information for entry into MASTS.

While the department has implemented policies and procedures that address these issues, audit work indicates it has not been fully resolved. Additional education about the needs for maintaining complete and accurate data as part of the bureau's training efforts, as well as increased emphasis on these issues during annual assessments of area agencies may help address these concerns.

#### **Recommendation #5**

**We recommend the Aging Services Bureau staff increase emphasis on the need for accurate MASTS information as part of training activities and annual assessments of individual Area Agencies on Aging.**

## **Department Response**

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DEPARTMENT OF  
PUBLIC HEALTH AND HUMAN SERVICES

NOV 27 2001



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November 26, 2001

Mr. Jim Pellegrini  
Legislative Audit Division  
Room 160, State Capitol  
PO Box 201705  
Helena, Montana 59620-1705

Dear Jim:

The purpose of this letter is to respond to the recommendations contained in your division's performance audit of the Area Agencies on Aging Program administered by the Department of Public Health and Human Services' Senior and Long Term Care Division. I'd like to commend you and your staff, especially Kris Wilkinson and Kent Wilcox for the thorough and professional way in which this audit was performed.

As you will see from our responses, the Aging Services Bureau (ASB) in the Senior and Long Term Care Division is in the process of implementing, or has already implemented, the majority of the audit recommendations.

**Recommendation #1:** We recommend the ASB staff improve their monitoring process by:

- A. Including a review of area agency monitoring tools to ensure monitoring of consistent areas among area agencies.
- B. Ensuring area agency monitoring tools include maintenance of review documentation and controls over donations.

**Department Response #1:** Concur. The bureau is in the process of modifying their assessment instrument to include the review of each Area Agency's monitoring tools and will look specifically at each Area Agency's monitoring tool as it relates to the review of documentation and controls over donations. These changes will be included in the next assessments of Area Agencies on Aging to be conducted by ASB staff during the months of March, April, May and June, 2002.

**Recommendation #2:** We recommend the ASB develop a plan to ensure Certified Local Ombudsman services are available monthly to long-term care facility residents in all Montana communities.

**Department Response #2:** Concur. The ASB staff and the Area Agency on Aging Directors have agreed this is a priority for the remaining two years of Montana's current State Plan on Aging. ASB staff have an Ombudsman sub-committee of the Governor's Advisory Council on Aging to help address this issue. ASB staff are looking for other resources such as Medicaid to help meet this need.

ASB staff will develop a plan by April 30, 2002 regarding the long-term care ombudsman being available monthly for long-term care facility residents. The recruitment, training and use of volunteers as friendly visitors will be considered during this planning process.

**Recommendation #3:** We recommend the ASB staff:

- A. Incorporate a list of facilities visited in the monthly reports completed by the Certified Local Ombudsman.
- B. Compare the monthly reports with an inventory of current long-term care facilities to ensure local ombudsman visit each facility monthly.

**Department Response #3:** Concur. Based on the recommendation during the audit, the ASB staff modified the reporting form for Certified Local Ombudsman to specifically indicate which facilities they visited and were reporting on. This change was made in November, 2001. By December 31, 2001, the ASB staff will begin to compare the monthly reports with an inventory of current long-term care facilities to ensure local ombudsman visit each facility monthly.

**Recommendation #4:** We recommend the Aging Services Bureau staff review how Area Agencies on Aging allocate funding to assure area agency methodologies address the state plan requirements relating to low-income and minority populations.

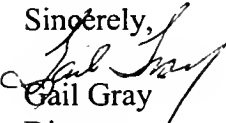
**Department Response #4:** Partially Concur. While we agree with the recommendation that ASB staff needs to review the methodology area agencies use to allocate funding and will incorporate this into the next four year Area Plan format as well as our next area agency assessments to be conducted during the months of March, April, May and June, 2002, we do not agree that dictating how Area Agencies distribute funds to their counties or projects is appropriate nor does the Older Americans Act require such control. We believe local communities need the flexibility to utilize contract funds to develop the services and programs which best meet the needs of their elderly citizens without unnecessary, albeit well intended, direction from Helena.

**Recommendation #5:** We recommend the Aging Services Bureau staff increase emphasis on the need for accurate MASTS information as part of the training activities and annual assessment of individual Area Agencies on Aging.

**Department Response #5:** Concur. The ASB staff will place increased emphasis on the need for accurate MASTS information and will add a component to the annual area agency assessments which are scheduled to be conducted in the months of March, April, May and June of 2002. Also, ASB staff will review current MASTS data to try to identify problem areas and provide training related to MASTS issues or problems with emphasis on accuracy concerns.

Thank you again for all of your assistance. The Area Agency on Aging program audit has been a positive experience which will be used as a tool to make a good program even better.

Sincerely,



Gail Gray  
Director





